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SENSITIVE

E.O. 12958: N/A
TAGS: [ETRD](#) [TU](#)
SUBJECT: Turkey's New Importers Associations

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[11](#). (SBU) Summary: A variety of private businesspersons suggest that the GOT's imminent creation of mandatory associations of Turkish importers could impede trade and might be inconsistent with Turkey's WTO obligations. The Turkish Foreign Trade Undersecretariat (FT) dismisses these allegations, maintaining that the associations are intended to enhance importers' ability to engage with the GOT and with external suppliers on a sectoral basis, and to facilitate better import reporting. End Summary.

[12](#). (SBU) A 2001 Council of Ministers decree called for the establishment of associations with mandatory membership for all importers. The decree is only now being implemented, with a July deadline for importers to join the associations, which are organized on a sectoral basis. Representatives of Price Waterhouse Coopers, the Turkish Union of Chambers and Commodities Exchanges (TOBB), the Foreign Investors Association (YASED), the Turkish Industrialists' and Businessmen's Association (TUSIAD) and others told us they are lobbying against the concept and fear that the associations could be deployed to restrain Turkey's rapid import growth. They maintain that these organizations could block or impede imports by interfering in pricing and quality standards for imported goods, and by imposing extra documentary requirements and fees on imports as well as membership fees on importing companies. A 2004 regulation includes a fee proportionate to the value of goods imported as a potential source of revenue for the associations.

[13](#). (SBU) Murat Yapici, FT's Deputy Director General for Imports, told Econoff and Econ Specialist on June 8 that these allegations were unfounded and that FT had no intention of surrendering regulatory powers to importers associations. He contradicted industry's claim that the new associations would have the power to manipulate import prices or to block imports. Noting that the associations would determine membership fees, he opined that the fee burden on companies would likely be small and should not be a barrier to trade. Yapici stated that the registration fee for companies and individuals is now set at 100 million TL (about USD 65).

[14](#). (U) According to Yapici, the associations, modeled on existing, mandatory-membership exporters unions, are intended to give Turkish importing companies a lobbying organization to represent their interests abroad as well as in dealings with the GOT. As the future repository for electronic customs declarations, the associations are also intended to support faster and better collection of import statistics.

[15](#). (U) The importers associations have already begun to take shape, as approximately 10,000 member companies elected board members for sectoral associations in late May and early June. These boards will shortly elect chairpersons, who will in turn propose a short list of candidates for the post of Secretary General to FT, which will make the final choice for this post.

Comment

[16](#). (SBU) Facing a trade deficit that could exceed USD 20

billion this year, the GOT is under some pressure from import-competing industries to boost protection. While we are somewhat heartened by FT's explanation of the functions of the associations and its insistence that they are not intended to be a new barrier to imports, there is a real risk that a new series of quasi-official bodies will increase already burdensome bureaucracy in Turkey and possibly create an indirect barrier to imports from the United States and other countries. Coming at a time of heightened GOT concern about imports, and about their impact on domestic manufacturing, it is not outside the realm of possibility that the GOT would try to use the importers' association to brake import growth. Price Waterhouse went so far as to allege that domestic producers would join the importers associations in order to use their powers against importing competitors. Embassy will continue to follow the development of importers associations and will advise of any negative trade impact.

17. (SBU) Even if the associations prove to be benign in terms their impact on imports, the fact that the Government is mandating their creation reflects the continued statist, interventionist mentality of many Turkish officials and politicians.
Edelman